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Protecting Personal Files

ONE TOUGH CHALLENGE in the "information age" is protecting citizens against abuses of private data, such as personal financial records, that are held by somebody else—a bank, an insurance company, a credit-reporting firm or some other private organization. Until recently, turning over that information in the course of everyday business meant giving up one's control over it. The records became the company's property; the citizen involved had no way to protect himself against errors or abuses of the data by the company—or against attempts by law-enforcement agents to look at the files without good cause.

That is finally changing. Two legislative efforts show how much progress has been made—and what problems remain. The first is the administration's proposals, just sent to Capitol Hill, that would establish basic codes of fair information practices for insurance companies, depository institutions, credit-granting firms and related organizations that require detailed financial data about individuals.

Insurance companies, for instance, would be required to disclose their record-keeping practices; to let consumers see, copy and correct files about them; and to tell a consumer the specific reason for an adverse decision. Credit-reporting firms would, finally, have to let consumers see and copy the records about them, instead of just disclosing the gist of those immensely sensitive, influential reports.

The administration has tried to secure elementary safeguards for consumers without putting heavy new regulatory burdens on the industries involved. The aim is laudable. The results—a series of differing rules for different industries—may leave consumers

somewhat confused. Congress can probably make improvements there.

Meanwhile, an even larger effort to protect citizens' rights is advancing on Capitol Hill. That is the attempt to draft a charter for the FBI—and one of the tough issues being weighed involves the agency's authority to get individuals' financial and other records from private companies. Of course, the very qualities that make these files so sensitive also make them immensely useful in investigations of many kinds of crimes. A year ago, Congress passed a landmark—but imperfect—law restricting federal agencies' access to records held by financial institutions. The judiciary committees are now trying to draft more general rules that recognize the legitimate needs of law enforcement without leaving the doors open for harassment or improper rummaging in personal files.

The Justice Department's proposals are a major advance. They would bar the practices that caused such deep concern in the past. Still, several witnesses have warned the Senate committee that the proposed charter could undermine other efforts to protect privacy by giving the Attorney General and the FBI quite broad authority to demand financial records without judicial review or notice to the individual. Again, the conflicts here are limited—which makes them harder to resolve, because they involve subtle balances between private rights and public needs. Yet Congress may well be able to tighten these provisions somewhat and give citizens that much more assurance of fair treatment by the government as well as the business world.